



ALBUQUERQUE DEVELOPMENT COMMISSION

COMMISSION MEMBERS PRESENT:

Alex Romero, Chair
Jeanette Baca
Samuel K. Collins
Aaron Forrester
Archie Garcia

COMMISSION MEMBERS EXCUSED:

CITY STAFF PRESENT:

Gabriel Rivera, MRA
Cynthia Borrego – MRA
Al Soto – MRA
Yolanda Aragon - MRA
Deirdre Firth – Economic Dev. Division

OTHERS PRESENT:

List on File

Minutes of November 28, 2007

1) Call to Order:

Commissioner Romero called the meeting to order at 3:05pm.

2) Changes and/or Additions to the Agenda:

Commissioner Romero asked if there were any changes and/or additions to the Agenda.

There were none.

3) Approval of Minutes:

Commissioner Romero asked for a motion to approve the minutes of October 17, 2007.

Commissioner Garcia made a motion to approve the minutes.

Commissioner Forrester seconded the motion.

Motion carried to approve the minutes.

4) Announcements:

There were none.

5) Public Comments:

There were none.

6) IRB #07-03 – The Montessori Elementary School Project (TMES) – Deirdre Firth

Deirdre Firth, Manager, Economic Development Division: Ms. Firth explained that the request was for approval of the issuance and sale of industrial revenue bonds in an amount not to exceed \$7,200,000 for the Montessori Elementary School Project. TMES is a public charter school, founded in 2005 and is open to all school children. They do not require entrance examinations or charge tuition. The current enrollment is 192 and school management anticipates growing to 301 students next year and ultimately to 350 students in the 2011-2012 school year. This growth will require hiring approximately 12 additional permanent full-time staff members.

There is an issue right now that they have to be in compliance with a new educational adequacy standards when their charter comes around for renewal in 2010. This requirement can be met by being housed in a public building, in a facility that meets adequacy standards and for which the charter has secured a lease with option to purchase, or by leasing from a private non-profit that is created to provide a facility for the charter school. A failure to satisfy this requirement may jeopardize TMES's upcoming renewal and will be cause for non-renewal in the future. Acquisition of a suitable facility is necessary to secure TMES's legal future status and permit the expansion described above.

The Foundation has located a property, which it proposes to purchase for \$3,900,000, renovate and lease to TMES at 3831 Midway Place NE, which is approximately one-half mile north of TMES's current facility. The property has been used for warehouse and office purposes and will require extensive remodeling. The construction plus new furnishings and equipment will cost \$2,200,000. The facility will allow the addition of a multi-purpose room, additional classrooms, a teacher's lounge, a nurse's office, and other appropriate spaces. The Foundation anticipates that TMES would move into the facility in August 2008.

The bond underwriter is Robert W. Baird & Co., who intends to place the bonds with institutional investors. Baird is a large and experienced national investment banking firm with expertise in these types of transactions. The project is allowable under current zoning, and is not expected to generate significant environmental impacts in regard to air pollution, noise and waste generation. It is not expected to be a large water user under the City's standards. The parking and drop-off areas will be within the boundaries of the campus. One of the areas that has caused concern is traffic mitigation and safety issues because this is an office/industrial area and the school has been made aware of the concerns of neighboring businesses and has done an outreach effort to a number of neighboring businesses. The pick-up and drop-off areas are within the boundaries of the campus and any traffic mitigation measures that are necessary will be incorporated when the City reviews the specific building permit plans. The proposed project will make a positive contribution to the economy and will not significantly affect the adjacent neighborhood. The school salaries for teachers appear to be consistent with other APS positions within the area. Normally with Industrial Revenue Bonds they see benefit packages that include health insurance and a requirement that the City has that at least 50% of the health insurance benefits are covered by employers. This is not applicable in this case for two reasons.

The first being the State statute only applies for IRBs in excess of \$8 million dollars and secondly public schools benefit levels are dictated by those that are part of the State Educational Retirement Board and the New Mexico Public School Insurance Authority.

One of the issues in this particular situation will be the feasibility of repaying the bonds, which is dependent upon the State continuing its allocation to the schools in a sufficient level to service the debt. It is unlikely that the State Legislature would withdraw completely their support for charter schools, but there is no way of guaranteeing that. The Montessori Elementary School Project will make positive contributions to the local economy and community, provided any issues regarding traffic mitigation are resolved. It will comply with all adopted City plans and policies and will adequately meet the evaluation criteria established for industrial bond projects. Based on the above findings, the staff recommends approval of the proposed project plan.

Commissioner Baca asked if the current zoning for an Industrial Park would allow for school uses.

Ms. Firth stated that it does allow for a variety of uses, including school uses, so it does not require a zone change.

Commissioner Romero asked why they are using this tool as an option for the school.

Ms. Firth explained that one of the biggest challenges that charter schools face is that they do not have any money for buildings.

Commissioner Romero stated that by using this process, they can bond and actually get a building built or acquire an existing building. He asked how the debt was going to be serviced. On page 10 of the application, under Project Financing, Item A, it talks about no liability for the City, however, it has the City in that transaction on the lease from the Foundation to the City and sub-lease back to the school and it does seem that there is liability there.

Ms. Firth explained that typically that is the vehicle for all IRBs. The City technically takes title to the property and then leases it back to the applicant.

Commissioner Romero stated that typically the applicant comes before the Commission and they have financial backing.

Ms. Firth agreed and said that this is different in that regard; however the legal structure of the lease transaction involving the City, is no different from any other transaction and there is no risk for the City in that regard. There is a risk for the transaction as a whole, but not for any negative implication for the City specifically.

Commissioner Romero stated that she talked about it earlier, which is the potential political adversity in that regard.

Alan Hall, Bond Counsel, Rodey, Dickason, Sloan, Akin & Robb, P.A.: He stated that the area is a good location for the school. He explained that in this case the school itself does not have the authority to enter into a transaction, so a Foundation was set up.

Commissioner Romero stated that as of now the bond community was not in the picture as far as APS is concerned. There is no guarantee that the current level of funding will continue.

Mr. Hall agreed that there is no guarantee, but there is reasonable expectation that the Legislature will continue to fund education.

Commissioner Romero asked what APS's stand on charter schools was, because it cuts into their funding stream.

Mr. Hall stated that they will have a representative from APS speak also.

Commissioner Romero asked if a charter school in New Mexico failed.

Mr. Hall stated that he wouldn't be surprised if it had.

John Mehan, Robert W. Baird, & Co.: Mr. Mehan represents the bond underwriter and explained their support of the project.

Spencer Visconti, Board Member, The Montessori School: He is in support of the project.

Theresa Asenap, APS Representative: She explained that the charter schools fall under her direction. She explained that they widely support the project.

Edward Ayoub, Enchanted Land Properties: He explained that he owns the adjacent property and he has concerns because of the many 18 wheelers that are going in and out of the industrial park. He does not support the project.

Mike Sei, Sei Properties LLC: He owns property nearby and he is against the project because the area is an industrial park and the integrity changes if you put a school in the area.

Roger DeAngelis, Greenhouse and Garden: He is a wholesale distributor located south of the property, and he is also against the project due to the high traffic from 18 wheelers in the area.

Hartono Sumali, Montessori School parent: He is in support of the project.

Sarah and Donovan Kabalka, Montessori School parents: They are in support of the project.

Spencer Visconti, The Montessori School: He explained that he walked the neighborhood and has a signed petition from area businesses in favor of the project. He stated that they are willing to work with the businesses in the neighborhood.

Commissioner Baca asked if the traffic issues would be taken care of at the building permit stage.

Ms. Firth assured her that they would be taken care of at that time.

Commissioner Romero asked if there was a motion to forward to City Council.

Commissioner Garcia made a motion to move forward to the City Council with no recommendation.

Commissioner Romero seconded the motion.

The motion carried to forward to the Council with no recommendation. Three votes for (Baca, Romero, Garcia) and two votes against (Forrester, Collins).

Commissioner Romero stated that he is in favor of education and his concern has to do with the use of the school for this purpose and the impact on surrounding property values. He believes that it is a sound system and it is just this particular project and its current location and the use of this tool to accomplish that, is what he has a problem with.

7) ADC #07-05 – East Gateway Metropolitan Redevelopment Area Designation – Gabriel Rivera

Commissioner Romero stated that when he reviewed the staff report, he felt that a significant piece was missing, so he asked that it be included in the staff report.

Gabriel Rivera, Metropolitan Redevelopment Agency: He stated that they conducted another meeting with the community on October 29, 2007 and they have redone the boundary to include only commercial properties. The staff added to its recommendation a request for a mediator to help with the design guidelines. This request will be added to the staff findings as item #5 of the staff report.

John Clarke, 12815 Central NE, East Central Business Owner: He is in support of the designation.

Gary Smith, 11911 Skyline NE, Property Owner: He is in support of the designation.

Bill McCoy, 210 Dorothy NE, Property Owner: He is in support of the designation.

Andy Aragon, 11010 Central NE, Holiday Travel Trailers: He feels the designation would be detrimental to his business and the other travel trailer businesses in the area. He feels it would have a negative impact on the property values in the area.

Rod Currant, 11505 Central NE, Bodyworks by R & C: He stated that the area has already seen some improvement. He is in support of the designation and mediation.

Mike Davidson, 12800 Piru SE, Singing Arrow Neighborhood: He thinks the staff from the Metropolitan Redevelopment Agency has done a good job, but there was a lack of trust with the City. He thinks the Sector Plan should be done first and then the MRA designation after more review.

Roger Mickelson, 1432 Catron SE, East Gateway Coalition President: Stated that the City staff has been very helpful and he too would like to see revitalization in that part of the City. The Coalition would like to see the Sector Plan proceed first and then the MRA designation.

Commissioner Romero asked Mr. Rivera if he thought the process was adequate in the spirit of trying to address the many issues and that they reached out to the right audience.

Mr. Rivera explained that they tried to reach as many people as possible that are in the area with public notices, to get as many opinions as possible.

Commissioner Romero stated that part of the process is education of the public. When you look at property values after a designation has been made, historically they do not go down. Another point that has been made is that there has been significant growth in the area already.

Commissioner Baca asked Mr. Rivera what happened at the last meeting because it states in the report that only one out of 50 people was in support of the designation and then a little while later it changed and she was wondering why.

Mr. Rivera stated that they addressed their concerns as far as the boundary and also the fact that a mediator would be involved helped to change everyone's opinion.

Mr. Aragon stated that he knows someone on the west side who told him his property values went down after an MRA designation and that is why he is concerned.

Commissioner Baca stated that she lives in an MRA and the myth that property values go down is not true, in fact they go up. The designation gives the existing businesses an opportunity to look nicer with new facades and things like that.

Ms. Cynthia Borrego, Manager, Metropolitan Redevelopment Agency: Ms. Borrego explained that her staff submits an area on a map and requests labels for all of the property owners in that area and notifies them of upcoming public meetings. They get their information from the County Assessor's office, so if those records are not up to date they will not get a notice. She also stated that the Metropolitan Redevelopment Code only requires that they hold a public hearing and does not require neighborhood meetings and in this particular area they have had numerous neighborhood meetings already.

Don Harris, City Councilor: He stated that he and his assistant went door to door in an educational effort for the community. Most residents are in support of the designation. He believes that mediation would be a good idea and he stated that he spoke with the folks at the Four Hills Shopping Center and they do not have a problem with it either.

Commissioner Romero asked the City to continue working with the business owners that are affected because they have come a long way already and would like to see that continue. He asked for a motion.

Commissioner Forrester made a motion to pass the designation along with a mediator.

Commissioner Baca seconded the motion.

The motion carried unanimously.

8) ADC #07-08 – West Central Metropolitan Redevelopment Area Boundary Amendment – Al Soto

Al Soto, Metropolitan Redevelopment Agency: He explained that they would like to amend the boundary because in the process, they were mostly concerned with the northwest corner of Central Ave. and Unser Blvd. and they left out the Unsers' properties initially. After talking with the community they suggested that they include these properties as well.

Miguel Maestas, 6013 Sunset Gardens SW, Southwest Area Neighborhood: He explained that they are in full support of the amended area and in the future they will probably ask that new Coors Blvd. between Central Ave. and Bridge Blvd. be added as well.

Jack Dettweiler, 2424 Louisiana NE, Representative for Al and Bobby Unser: They are in full support of the amended boundary.

Commissioner Baca made a motion to approve the boundary amendment.

Commissioner Garcia seconded the motion.

The motion carried unanimously.

9) 2006 Metropolitan Redevelopment Fund Annual Report – Cynthia Borrego

Ms. Cynthia Borrego, Manager, Metropolitan Redevelopment Agency: She explained that at the last meeting the wrong financial reports were inadvertently included in the report however the correct ones are reflected now. The latest Tax Increment Financing figures are not reflected yet, only the 7 older ones.

Commissioner Collins made a motion to approve the Annual Report.

Commissioner Baca seconded the motion.

The motion carried unanimously.

10) Old Business

There was none.

11) New Business

There was none.

12) Adjourn

Commissioner Romero adjourned the meeting at 6:20pm.